

October 27, 2015

The regular meeting of the Council of the City of Martinsville, Virginia was held on October 27, 2015 in Council Chambers, Municipal Building at 7:30pm, Closed Session beginning at 7:00pm with Mayor Danny Turner presiding. Council Members present: Mayor Danny Turner, Vice Mayor Jennifer Bowles, Council Member Gene Teague, Council Member Sharon Hodge and Council Member Mark Stroud. Staff members present included: City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, City Attorney Eric Monday, Police Captain Rob Fincher, Clerk of Council Karen Roberts, Finance Director Linda Conover, Budget Analyst Mary Prillaman, City Engineer Chris Morris, Community Planner Susan McCulloch and Commissioner of Revenue Ruth Easley.

Mayor Turner called the meeting to order and advised Council would go into Closed Session. In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon motion by Council Member Hodge, seconded by Council Member Teague with the following recorded 5-0 roll-call vote: Council Member Hodge, aye; Vice Mayor Bowles, aye; Council Member Stroud, aye; Council Member Teague, aye; Mayor Turner, aye. Council convened in Closed Session for the purpose of discussing the following matters: A) discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected, as authorized by Subsection 6 and B) Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7. At the conclusion of the Closed Session, each returning member of Council certified that (1) only public business matters exempt from opening meeting requirements were discussed in said Closed Session and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during the Session. On a motion by Council Member Stroud, seconded by Council Member Hodge with the following 5-0 roll-call recorded vote: Stroud, aye; Turner, aye; Teague, aye; Bowles, aye; Hodge, aye; Council returned to Open Session.

Invocation and Pledge to the American Flag – Council Member Gene Teague.

Consider approval of minutes of October 13, 2015 Council meeting and October 14, 2015 Special meeting – Vice Mayor Bowles made a motion to approve minutes from October 13, 2015 and October 14, 2015 as presented, Council Member Hodge seconded the motion, all Council Members voted in favor.

Help Save the Next Girl – Kate Williams, founder of the local chapter for Martinsville, Henry and Patrick Counties explained the program which was founded in honor of Morgan Harrington. She explained various programs that this organization will offer including self-defense classes and educating women in the area of dangerous situations.


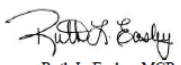
Consider Certificate of Appropriateness (COA) application for the demolition of 403 Starling Avenue due to the tie of a motion by the Architectural Review Board (2-2) on October 23, 2015 at a special called ARB meeting - Susan McCulloch explained that the Architectural Review Board met on request of the applicant, Dr. Mark Crabtree regarding a structure on East Church Street in the

October 27, 2015

historic district of Martinsville. The value of the building is considerably less than the cost to repair or restore it and the building has been deemed uninhabitable and unstable. Martinsville Smiles plans to demolish the structure and plans to plant grass on the vacant lot. McCulloch stated that staff members recommend that Council approve the demolition of the property. City Manager Towarnicki stated that the engineering report revealed a significant expense to restore the building to a reusable condition. Council Member Teague asked about selling or renting the property. McCulloch stated that the property was rental property previously but in past weeks several items had been removed from the property and in the current state it is uninhabitable. Council Member Stroud stated that the Martinsville Smiles previous building remodel in the lots adjacent had improved the appearance of the area. McCulloch stated that because of those previous modifications, those lots are no longer part of the historic district. Dr. Mark Crabtree addressed Council regarding the property. His practice has been in that area since 1960 and they have watched the property deteriorate over the years. He purchased the property with the intention to improve the value of the property and the appearance of the area and would like the opportunity to expand his current property. Council Member Teague made a motion to authorize the COA application for the demolition of 403 Starling Avenue; Council Member Hodge seconded the motion, all Council Members voted in favor. Hodge said she is in favor of property owners being able to improve their property if they desire. Teague said it may be a good time to review the ordinance again.

Consider refund resulting from Appeal of Statutory Assessment for Business Personal Property for Tax Year 2014 - Ruth Easley, Commissioner of Revenue came before Council to explain the appeal of statutory assessment received and reviewed by her office. This appeal was made by a large City business which holds multiple sites within the City. One of the requirements is the annual notice sent to the local businesses to return a complete itemization. Because the refund is over \$2,500 the Treasurer's office needs Council's approval prior to authorizing that refund. This refund continues to accrue interest daily until it is approved. As a general rule, businesses do not pay the statutory assessment. Vice Mayor Bowles made a motion to approve the refund, Council Member Stroud seconded the motion, all voted in favor.

October 27, 2015

<small>RUTH L. EASLEY COMMISSIONER</small>	 Martinsville <small>A CITY WITHOUT LIMITS</small>	<small>PHONE (276) 403-5131 FAX (276) 403-5337</small>
<small>OFFICE OF THE COMMISSIONER OF THE REVENUE P.O. BOX 1222 MARTINSVILLE, VIRGINIA 24114-1222</small>		
FILING NOTE TO BUSINESS TAXPAYERS		
<p>Enclosed are your forms for filing your 2014 City of Martinsville itemized listing for business tangible personal property and/or machinery and tools.</p> <p>Please note that the enclosed itemized listing forms for tangible personal property that you own or lease on January 1, 2014 must be completed and submitted with your filing. A computer generated listing will be accepted provided that the listing contains the information required on the itemized listing sheets that are enclosed. Returns submitted without an itemized listing <u>will be considered incomplete</u> and will be returned to you for completion. The required <u>completed vehicle verification return (green sheet)</u> and itemization sheets are due on or before May 1, 2014, to avoid late filing penalties. Postal postmarks (<u>not postage meter</u>) will determine the filing date on mailed returns.</p> <p>Computer generated listings or the enclosed itemization sheets must contain a detailed listing of <u>ALL</u> items used in the course of your business that were owned or leased on January 1, 2014. If you have fully depreciated any equipment for federal tax purposes but continue to use the equipment in your business, then it should continue to be listed on your return for local taxation purposes. The original purchase cost or lease cost, the date of acquisition and, in the case of leased equipment, the name and address of the lessor should be listed. A separate itemization form is provided for leased equipment.</p> <p>To assure completeness and accuracy, please identify and describe any dispositions of previously acquired property (showing original cost, acquisition date and disposal date.) Move-in dates for older equipment that may have been used in prior years in another location should be clearly noted. The current year itemization is compared to the prior year listings and adjustments will be made to prior years, if necessary.</p> <p>Thank you for filing a timely completed return. Again, <u>incomplete returns or improperly completed returns WILL NOT be accepted and will be returned to you for completion. If not completely filed by May 1, 2014, late filing penalties will be assessed.</u></p> <p>On behalf of the citizens of the City of Martinsville, thank you for choosing the City of Martinsville for your business location. The office of the Commissioner of the Revenue is available to assist you in any way possible. If you have questions regarding the operation of your business in the City of Martinsville or need assistance with filing this return, please do not hesitate to contact me at (276) 403-5131.</p> <p>Sincerely,</p> <p> Ruth L. Easley, MCR Commissioner of the Revenue</p>		

Hear overview of October 26, 2015 Westside area Neighborhood tour and meeting – City Manager Towarnicki described their tour including the American Furniture site, Fayette, Smith, Katherine, Beaver, Top, Maplewood Apartments, Pony Place, Cardinal Lane, and the West End Park; the tour took about an hour and Council noted several violations while on the tour. Because of several properties demolished previously, all agreed the area looked better and has made several building sites available. There were several residents at the neighborhood meeting. FAHI presented their proposal for the former Housing Office. Council Member Teague noted the condition of several streets has been greatly improved by demolishing some structures and Property Maintenance is able to respond to concerns usually the same day they are reported.

Hear an update from Davenport and Company, LLC regarding results of the request for proposals advertised for financing the City's water/electric meter and street lighting replacement project – City Manager Towarnicki explained the options of lease/purchase versus general obligation bond. Mitch Brigulio of Davenport and Company detailed the process and bids received along with Davenport's recommendation. Davenport sent out the request to 75 banks and asked for general obligation and lease/purchase options. Bids were received from 6 different banks – US Bank offered the lowest interest rate on both options at 2.47%, second lowest was 2.5% on general obligation bond only from Carter Bank.

DAVENPORT & COMPANY

Davenport Public Finance
One James Center
901 E. Cary Street, Suite 1100
Richmond, VA 23219

To City of Martinsville, VA
From Davenport & Company LLC
Date October 27, 2015
Subject 2015 Equipment Lease Purchase Agreement

Background

Davenport & Company LLC ("Davenport"), on behalf of the City of Martinsville, VA (the "City"), distributed a Request for Proposals ("RFP") to secure a bank commitment to finance the acquisition of certain equipment pursuant to a Performance Contract with Johnson Controls Inc. ("JCI") and the associated Costs of Issuance (the "2015 Financing"). The RFP was distributed to over 75 National, Regional, and Local Banks. After the initial distribution, Davenport contacted each of the potential bidders to assess their interest in the financing and address any resulting questions.

The RFP requested that responding institutions provide proposals for both a General Obligation Bond ("GO") and an Equipment Lease Purchase Agreement ("ELP"). The RFP also requested that responding institutions provide interest rate proposals for a series of six different principal amortization scenarios. These scenarios were designed to provide the City with options to structure the 2015 Financing debt service in accordance with the estimated savings under the JCI Performance Contract. A summary of the scenarios requested is outlined in Table 1 below.

Table 1: RFP Scenarios Requested

Scenario	Final Maturity	First Interest	Capitalized Interest
1a	2/1/2032	2/1/2017	No
1b	2/1/2033	2/1/2017	No
2a	2/1/2032	2/1/2017	Yes
2b	2/1/2033	2/1/2017	Yes
3a	2/1/2032	2/1/2018	No
3b	2/1/2033	2/1/2018	No

RFP Responses

Through this process, the City was able to secure six responses to the RFP, including:

1. Carter Bank & Trust ("Carter Bank");
2. Huntington Public Capital ("Huntington");
3. Pinnacle Public Finance ("Pinnacle");
4. Sterling National Bank ("Sterling");
5. SunTrust Bank ("SunTrust"); and
6. US Bank ("US Bank").

The following pages contain a summary of the key terms and conditions for each of the responses received.

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2015 Equipment Lease Purchase Agreement
October 27, 2015

Discussion Points

1. Interest Rate

While all six banks submitted proposals consistent with the RFP specifications, US Bank offered the lowest interest rate for both the General Obligation Bond and Equipment Lease Purchase Agreement, as shown in Tables 2 and 3 below. The rates offered by all of the banks are fixed through the final maturity of the loan and, with the exception of Huntington, will be held firm for a closing on or about November 20th.

Table 2: General Obligation Bond Interest Rates

Bank	2032 Final Maturity			2033 Final Maturity		
	1a	2a	3a	1b	2b	3b
US Bank	2.47%	-	-	-	-	-
Carter Bank	2.50%	2.60%	2.55%	2.55%	2.65%	2.60%
Sterling	2.58%	2.58%	-	-	-	-
Pinnacle	2.63%	-	-	2.73%	-	-
Huntington	2.89%	2.89%	2.92%	2.95%	2.95%	2.98%
SunTrust	2.96%	-	-	-	-	-

Table 3: Equipment Lease Purchase Interest Rates

Bank	2032 Final Maturity			2033 Final Maturity		
	1a	2a	3a	1b	2b	3b
US Bank	2.47%	-	-	-	-	-
Carter Bank	-	-	-	-	-	-
Sterling	2.62%	2.62%	-	-	-	-
Pinnacle	-	-	-	-	-	-
Huntington	2.89%	2.89%	2.92%	2.95%	2.95%	2.98%
SunTrust	-	-	-	-	-	-

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2015 Equipment Lease Purchase Agreement
October 27, 2015

2. Prepayment Provisions

Each of the proposals submitted provide the City with the ability to prepay the 2015 Financing. The prepayment provisions offered by the six bank proposals are shown in Table 4 below.

Table 4: Summary of Prepayment Provisions

Bank	Prepayment Provisions
US Bank	Prepayable in whole on any payment date at 103%
Carter Bank	Prepayable in whole or in part any time at par
Sterling	Prepayable in whole on any payment date at: - 102%: Years 6-10; - 100%: Years 11-15
Pinnacle	Prepayable in whole at any time after 2/1/2025
Huntington	Prepayable in whole on any payment date at: - 102%: Closing through 1/31/2020; - 101%: 2/1/2020 through 1/31/2027; - 100%: 2/1/2027 through Maturity
SunTrust	Prepayable on any payment date at lesser of: - 101%: Beginning 2/1/2021; or - Make whole call

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2015 Equipment Lease Purchase Agreement
October 27, 2015

3. Estimated Debt Service

A preliminary indication of the estimated debt service for Case 1a of the US Bank GO/ELP proposal is shown in Table 5 below. US Bank's debt service is compared to Case 1a of the Carter Bank GO proposal to provide additional perspective. The preliminary estimated debt service shown in Table 5 accounts for estimated costs of issuance.

Table 5: Estimated Debt Service Comparison - US Bank GO/ELP vs. Carter Bank GO

	US Bank - GO/ELP			Carter Bank - GO			Difference		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1. Sources of Funds									
2. Per Amort	\$ 7,425,000			\$ 7,425,000			\$0		
3. Equity Contribution	475,000			475,000			\$0		
4. Total Sources	\$7,900,000			\$7,900,000			\$0		
5. Uses of Funds									
6. Construction Start Fees	\$ 7,807,453			\$ 7,807,453			\$0		
7. Cost of Insurance	92,547			92,547			\$0		
8. Total Uses	\$7,900,000			\$7,900,000			\$0		
9. Final Maturity	2/1/2032			2/1/2032			2/1/2032		
10. Interest Rate	2.47%			2.50%			-0.03%		
11. Rate Expiration	December 6th			November 30th			N/A		
12. Bank / Legal Fees	None			None			\$0		
13. Net Amount	\$7,425,000			\$7,425,000			\$0		
14. Fiscal Year									
15. 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16. 2017	220,077	220,077	440,154	222,750	222,750	445,500	(2,673)	(2,673)	(5,346)
17. 2018	381,000	381,000	762,000	381,000	381,000	762,000	-	-	-
18. 2019	408,000	408,000	816,000	408,000	408,000	816,000	-	-	-
19. 2020	416,000	416,000	832,000	416,000	416,000	832,000	-	-	-
20. 2021	440,000	440,000	880,000	440,000	440,000	880,000	-	-	-
21. 2022	504,000	504,000	1,008,000	504,000	504,000	1,008,000	-	-	-
22. 2023	515,000	515,000	1,030,000	514,000	514,000	1,028,000	2,000	2,000	4,000
23. 2024	522,000	522,000	1,044,000	522,000	522,000	1,044,000	-	-	-
24. 2025	570,000	570,000	1,140,000	570,000	570,000	1,140,000	-	-	-
25. 2026	638,000	638,000	1,276,000	638,000	638,000	1,276,000	-	-	-
26. 2027	694,000	694,000	1,388,000	694,000	694,000	1,388,000	-	-	-
27. 2028	701,000	701,000	1,402,000	701,000	701,000	1,402,000	-	-	-
28. 2029	730,000	730,000	1,460,000	730,000	730,000	1,460,000	-	-	-
29. 2030	761,000	761,000	1,522,000	761,000	761,000	1,522,000	-	-	-
30. 2031	792,000	792,000	1,584,000	792,000	792,000	1,584,000	-	-	-
31. 2032	848,000	848,000	1,696,000	848,000	848,000	1,696,000	-	-	-
32. 2033	861,000	861,000	1,722,000	861,000	861,000	1,722,000	-	-	-
33. 2034	892,000	892,000	1,784,000	892,000	892,000	1,784,000	-	-	-
34. 2035	948,000	948,000	1,896,000	948,000	948,000	1,896,000	-	-	-
35. Total	\$7,425,000	\$1,786,731	\$9,211,731	\$7,425,000	\$1,786,800	\$9,211,800	\$ -	\$ (69)	\$ (69)

Notes: Includes estimated Costs of Issuance of \$92,547 and assumes the City makes a \$475,000 equity contribution at closing.

DAVENPORT & COMPANY

2015 Equipment Lease Purchase Agreement

October 27, 2015

4. Estimated Performance Contract Savings

Table 6 below outlines the estimated savings derived from the purchase and installation of the equipment as provided by JCI. These estimates have been utilized when structuring the 2015 Financing debt service such that the estimated savings generated in any given fiscal year are sufficient to offset the projected debt service payments. In developing the debt service structure, Davenport has relied on this information provided by JCI and has not undertaken any independent review to confirm or validate these figures.

Table 6: Estimated Performance Contract Savings Cash Flows

Fiscal Year	Measured Savings	Non-Measured Savings	Total Savings	Less: Performance Management	Less: US Bank Scenario 1a Debt Service	Fiscal Year Surplus (Deficit)
2016	\$ 8,157	\$ 2,535	\$ 10,693	\$ -	\$ -	\$ 10,693
2017	112,245	145,523	257,768		220,077	37,691
2018	245,004	344,996	589,999	20,285	564,398	5,317
2019	252,354	355,345	607,699	21,217	581,987	4,496
2020	259,925	366,006	625,930	41,321	579,909	4,701
2021	267,122	376,886	644,708	41,161	598,634	4,913
2022	275,754	388,296	664,049	12,673	646,643	4,734
2023	284,027	399,944	683,971	34,325	645,194	4,453
2024	292,547	411,943	704,490	60,184	639,473	4,833
2025	301,324	424,301	725,625	46,328	674,580	4,717
2026	310,363	437,030	747,393	14,263	728,501	4,629
2027	319,674	450,266	769,940	110,119	568,742	4,439
2028	329,265	463,995	793,260	14,891	563,540	4,448
2029	339,143	478,117	817,260	15,132	580,166	4,862
2030	349,317	492,638	841,955	15,586	598,075	4,504
2031	359,796	507,559	867,355	16,054	615,218	4,538
2032	370,575	522,880	893,455	16,535	656,996	4,703
Total	\$ 4,520,125	\$ 5,241,048	\$ 9,761,173	\$ 479,874	\$ 9,161,731	\$ 119,568

Note: Savings provided by JCI on a year ending 2/1 basis. Fiscal year savings are derived from information provided by JCI and City Staff.

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2015 Equipment Lease Purchase Agreement

October 27, 2015

Recommendation

Based upon our review of the proposals, related analyses, and discussions with City Staff and Bond Counsel, Davenport recommends that the City approve moving forward with the US Bank proposal for Scenario 1a as a Equipment Lease Purchase Agreement. The US Bank proposal offers the lowest interest rate and the lowest Debt Service compared to the other bank proposals. Additionally, US Bank allows the City to issue non General Obligation debt and preserve capacity under its legal debt limit for future debt issuances. While the US Bank proposal has a higher prepayment penalty, it does allow the City flexibility to prepay the loan if it desires to do so. Under the US Bank proposal, fiscal year savings are projected to offset the estimated debt service.

If US Bank is not able to satisfactorily complete the documentation and closing process, Davenport recommends that the City pursue the 2015 Financing with Carter Bank & Trust as a General Obligation Bond. Under the Carter Bank proposal, fiscal year savings are also projected to offset the estimated debt service. The Carter Bank proposal offers greater prepayment flexibility with minimal difference in total interest cost; however, as a General Obligation Bond the 2015 Financing with Carter Bank would impact the City's borrowing capacity under the legal debt limit.

Next Steps

October 27th

City Council Meeting

- Second Reading of Preliminary General Obligation Bond Ordinance
- First Reading of Final General Obligation Bond Ordinance
- City Council selects winning bidder (GO and Lease Purchase options)

October 28th

Publish and broadcast Notice of Public Hearing (GO option)

November 4th

Publish and broadcast Notice of Public Hearing (GO option)

November 10th

City Council Meeting

- Public Hearing held (GO option)
- Second Reading of Final General Obligation Bond Ordinance
- Lease Purchase Resolution adopted (Lease Purchase Option)

On or about November 20th

Close on Financing

Member NYSE | FINRA | SIPC

Page 5

Member NYSE | FINRA | SIPC

Page 6

<div><div>DAVENPORT & COMPANY</div><div>2015 Equipment Lease Purchase Agreement</div><div>October 27, 2015</div></div> <div><p>The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support, if and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.</p><p>When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.</p><p>This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the authors' and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.</p><p>This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.</p><p>The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.</p><p>The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.</p><p>Version 01.13.14 / CH MB TC</p></div>	<div><div>DAVENPORT & COMPANY</div><div>2015 Equipment Lease Purchase Agreement</div><div>October 27, 2015</div></div> <div></div>
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Ultimately, Davenport’s recommendation would be to move forward with US Bank’s lease/purchase option. The lease purchase would not count towards the statutory debt limit and the loan could be paid off early or refinanced if desired. Council Member Teague made a motion to execute the lease purchase option with US Bank; Council Member Hodge seconded the motion, all Council voted in

October 27, 2015

favor. City Manager Towarnicki said Council could schedule a public input session on the options available. Council Member Teague and Council Member Hodge withdrew the motion and second so there can be a public hearing scheduled. After continued discussion, City Manager emphasized that the recommendation from staff and Davenport was the lease purchase option and all Council Members agreed that they prefer the lease purchase option. Vice Mayor Bowles made a motion to go forward with the lease purchase option submitted by US Bank, Stroud seconded the motion, all voted in favor.

Hear a presentation from Fayette Area Historical Initiative (FAHI) regarding a proposal for possible use of the former City of Martinsville Housing Office located at 605 Fourth Street – City Manager Towarnicki explained that proposal is a continuation from presentations offered in previous meetings. Council Member Teague asked that the proposal from the Special Meeting continue to be televised over the next two weeks to ensure the public has access to the information. Towarnicki stated that the City had received two proposals along with two other interested organizations but stated that two organizations did not produce a proposal and the second organization that had submitted a proposal has since verbally opted out. Chauncey Adams, Executive Director of FAHI gave a brief overview of FAHI and their proposal for the former Housing office located at 605 Fourth Street. Council Member Hodge asked for additional financials on utilities and general costs of building use which City Manager Towarnicki provided, averaging \$5,600 per year. Vice Mayor Bowles suggested that a public hearing be set. Council Member Hodge said she would like to continue discussions on the ownership options of the building. Vice Mayor Bowles made a motion to set a public hearing on November 10, 2015, Council Member Hodge seconded the motion, all Council members voted in favor.

Consider adoption of resolution supporting the “opt out” provision for administering the Virginia Stormwater management program – Chris Morris, City Engineer explained the many changes to the laws including stormwater management and stated that the City is currently not in the program. Teague made a motion to approve the resolution to opt out of the Virginia Stormwater management program; Vice Mayor Bowles seconded the motion, all council members voted in favor.



RE: RESOLUTION SUPPORTING THE "OPT OUT" PROVISION FOR ADMINISTERING THE VIRGINIA STORMWATER MANAGEMENT PROGRAM

WHEREAS, many localities are increasingly concerned over the Commonwealth of Virginia's expanding reliance upon localities for the administration, implementation and enforcement of regulations promulgated at the state level, and

WHEREAS, over the past several years, many changes have been made to the environmental laws in the Commonwealth of Virginia, including legislation imposing unfunded and underfunded mandatory local obligations regarding erosion and sediment control, the Chesapeake Bay Act and most recently, the significant expansion of the Virginia Stormwater Management Program (VSMP); and

WHEREAS, many localities in Virginia expressed concern to their state government delegation about the reasonableness, efficacy and costs of implementing the Commonwealth's expanded Stormwater Management Program and other environmental regulations at the local level; and

WHEREAS, many localities in Virginia have expressed concern regarding the liability they incur by becoming the VSMP plan approving authority, as well as the inestimable costs and responsibilities of the perpetual maintenance of abandoned stormwater facilities required or implied through the expanded Stormwater Management Program; and

WHEREAS, the Senate of Virginia and the Virginia House of Delegates, in response to local government concerns, both passed by wide margins amendments to the Virginia Stormwater Management Program under House Bill 1173 / Senate Bill 423, which amendments allow local governments to choose either to manage their own Stormwater Management Programs or to "Opt Out", leaving the administration, implementation and enforcement of the Program to the Virginia Department of Environmental Quality (DEQ). These were both Omnibus Bills with broad and unequivocal support from DEQ, Environmental Groups and representatives from the Construction/Development community; and

WHEREAS, the Governor of the Commonwealth of Virginia signed House Bill 1173 / Senate Bill 423 on March 24, 2014, and the bill was enacted immediately with an emergency clause contained therein; and

WHEREAS, upon enactment, the Commonwealth of Virginia's lead environmental regulatory agency, the DEQ was established as the Commonwealth's VSMP Authority. The DEQ is the stormwater permitting authority and has the responsibility to implement, administer, and enforce the Commonwealth's environmental regulations in a uniform, consistent, efficient and timely manner across the Commonwealth; and

WHEREAS, the City of Martinsville, along with 54 other localities in Virginia, chose in 2014 to "Opt Out" of administering their own stormwater management program, leaving the administration of the Program to DEQ; and

WHEREAS, following the 2014 legislation, a Stormwater Advisory Group was convened and charged with making recommendations regarding consolidation and implementation of the Virginia's Water Regulations, including Stormwater and Erosion and Sediment Control, to the 2016 General Assembly; and

WHEREAS, the Stormwater Advisory Group is largely comprised of representatives from the environmental community, engineers and DEQ staff and lacks sufficient representation from Virginia's "Opt Out" localities and Chesapeake Bay Act localities; and

WHEREAS, while the Stormwater Advisory Group should be commended for their months of hard work, and in particular for the work on consolidating various environmental programs into one program under DEQ administration, the Group has focused a significant amount of time recently and has become sidetracked of late with a discussion on the benefits to DEQ of repealing the statutory right to "Opt Out" provided by the 2014 legislative amendments to the Virginia Stormwater Management Program and thereby returning to localities the responsibility of plan implementation, administration, and enforcement; and

WHEREAS, a recommendation to repeal the statutory "Opt Out" constitutes nothing less than nullification by committee of the legislative action clearly embodied in the 2014 Omnibus legislation, nullification of a right guaranteed by both houses of the General Assembly and the Governor, and would require that each and every locality in the Commonwealth administer a separate version of the Virginia Stormwater Management Program, thus resulting in inconsistency, inefficacy and a cumulative burden that will increase both in size and cost each year, constituting nothing short of a significantly expensive and burdensome **unfunded or underfunded mandate**; and

WHEREAS, DEQ has opined that Chesapeake Bay localities who exercise the statutory right to "Opt Out" receive an additional burden not shared by other localities by being forced to administer a local Stormwater Program for land disturbance projects between 2,500 square feet and 1 acre; and

NOW, THEREFORE, BE IT RESOLVED THAT:

The City of Martinsville **STRONGLY OPPOSES** any recommendation or effort to reverse or amend the action taken by the 2014 General Assembly in affording to Virginia's counties and cities the statutory right to "Opt Out" of administering the Virginia Stormwater Management Program, and further respectfully requests that the Stormwater Advisory Group support and seek implementation of the current law; and

The City of Martinsville respectfully requests that the Stormwater Advisory Group recognize and recommend that the statutory right to "Opt Out" be applied to all localities equally such that the Chesapeake Bay localities are not required to administer a local Stormwater Program for land disturbance projects between 2,500 square feet and 1 acre.

BE IT FURTHER RESOLVED THAT:

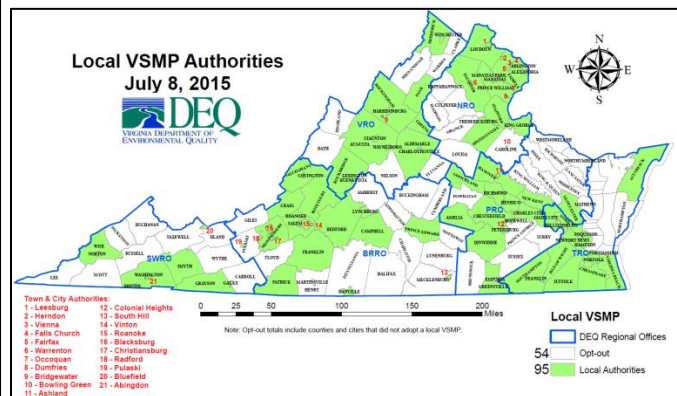
The City of Martinsville **strongly recommends** that DEQ and the General Assembly impanel an additional stakeholder group, more representative of rural and Chesapeake Bay localities, to conduct a comprehensive review of the efficiency and efficacy of the implementation and delivery of state environmental regulations and programs, to make recommendation for revisions on the delivery and implementation of these programs, and, if appropriate, draft the subsequent statutory and regulatory revisions, especially where the objective is to grant "Opt Out" alternatives to all localities equally.

Adopted this 27th day of October 2015

ATTEST:


[Signature]
Clerk of Council

[Signature]
Date



Consider adoption of a Resolution authorizing the City's application to the Virginia Department of Transportation for participation in the FY17 Revenue Sharing Program – Chris Morris, City Engineer described part of the city's uptown revitalization efforts including repaving with previous allocations going towards the area around New College and at the crosswalks. This resolution would complete the project of repaving and stamped crosswalks. Council Member Teague made a motion to adopt the resolution authorizing the City's application to the Virginia Department of Transportation for participation in the FY17 Revenue Sharing Program; Vice Mayor Bowles seconded the motion, all Council Members voted in favor.

October 27, 2015


Martinsville
A CITY WITHOUT LIMITS

RESOLUTION

A RESOLUTION OF INTENT TO PARTICIPATE IN THE FY 2017 VDOT REVENUE SHARING PROGRAM FOR THE UPTOWN REPAVING PROJECT

WHEREAS, the City of Martinsville desires to submit an application for an allocation of funds of \$200,000 (\$100,000 state and \$100,000 city) through the Virginia Department of Transportation Fiscal Year 2016-2017 Revenue Sharing Program; and,


WHEREAS, \$100,000 of these funds are requested to fund the Uptown Repaving Project (1.3 mi.); and,


THEREFORE, BE IT RESOLVED, that the City of Martinsville hereby supports this application for an allocation of \$200,000 (\$100,000 state and \$100,000 city), through the Virginia Department of Transportation Revenue Sharing Program; and,

BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to execute, on the behalf of the City of Martinsville, all necessary agreements required in conjunction with said project.

Adopted this 27th day of October 2015

ATTEST:


Clerk of Council


Date

At a regularly scheduled meeting of the City of Martinsville Council held on October 27, 2015, on a motion by Gere Teague, seconded by Jennifer Bowles, the above resolution was adopted by a vote of 5 to 0.

Discussion regarding the 2016 City Legislative Agenda – City Attorney Eric Monday discussed the 2015 City Legislative Agenda and requested Council to please notify him with any additions or deletions prior to the next meeting, stating that the pre-filing deadline is December 7, 2015.



The City of Martinsville appreciates the efforts its legislators undertake at both the state and federal level on behalf of its citizens. Listed below are the City's priorities requested of its legislative delegation in 2015.

Virginia General Assembly

Transportation

1. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards. Any construction or upgrades to the I-73 corridor should begin on those sections passing through Henry County.
2. Continue to place priority on Route 58 improvements, particularly the section between Stuart and Hillsville, Virginia.

Education

1. City Council endorses the agenda proposed by the Martinsville City School System and also endorses the educational priorities adopted by Henry County, on behalf of its school system.
2. Oppose the imposition of unaided education mandates and in the event of revenue cuts by the Commonwealth opposes targeted cuts by the Commonwealth, instead preferring local decision making authority on where to make any such cuts.
3. Recognizing its potential to promote economic development within our community and region, continue support for the development and funding of the New College Institute; urge that any funding reductions to New College Institute, if considered, be minimized to the greatest extent possible; and support the affiliation of The New College Institute as a branch of a four-year public university.
4. Request the Commonwealth to fully fund the expenditures imposed upon local school systems by implementing the Standards of Quality.
5. Encourage the Commonwealth to continue or increase the current levels of financial support provided to Patrick Henry Community College.
6. Encourage the Commonwealth to provide financial support to the College of Henricopolis School of Medicine.

Economic Development

1. Maintain current levels of funding for economic development incentives, including but not limited to the Governor's Opportunity Fund.
2. Enhance the authority granted to localities to address and eliminate blighted properties, and the formation of interstate compacts to allow expedited recourse against out-of-state property owners.
3. Continue current funding levels of the Virginia Museum of Natural History.
4. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 150% for a period of five consecutive years.
5. Support continued tourism awareness initiatives in the Martinsville-Henry County region.

Governance

1. Request the appointment of a joint gubernatorial legislative commission to examine the structure of local government in Virginia; the commission's mandate to include:
 - a. Examination of local government in the other 49 states for potential adaptation to Virginia.
 - b. Enable cities to expand their revenue base
 - c. Elimination of the "zero-sum" revenue base structure, which creates friction between cities and counties.
 - d. Elimination of redundant services and programs between contiguous cities and counties.
2. Require full funding for HB 599 funds, in fulfillment of the Commonwealth's commitment to cities in return for their acquiescence in the annexation moratorium.

3. Require that the Commonwealth fully fund its obligations to the Virginia Retirement System, and refrain from borrowing from VRS funds.
4. Request the elimination of "local aid to the Commonwealth" in the state budget; local aid artificially inflates state revenues by shifting responsibility for cuts in vital services onto localities.
5. Elimination of all unfunded mandates from the Commonwealth to localities.
6. Oppose any elimination or alteration of local revenue streams, and specifically oppose any amendment to the current manner in which the Business Occupation and Licensing Tax and the Machinery and Tools Tax are levied.
7. Request at a minimum, level funding for operational requirements of the Henry-Martinsville Department of Social Services.
8. Request that the General Assembly leaves intact the fire programs fund and the rescue squad assistance funds and not use these funds as a way to balance the state budget.
9. Request that the Commonwealth fully fund its obligations to constitutional officers.
10. Oppose any attempt to curtail the doctrine of sovereign immunity for localities.
11. Oppose any attempt to permit collective bargaining for state and local government employees.
12. Oppose any amendment of the existing burden of proof or process in local tax appeals cases.

United States Congress

1. Oppose any effort to impose additional taxation or regulation of electrical power generation by coal or natural gas.
2. Urge the Federal Highway Commission to adopt the CTB's designated route for I-73, or alternatively to preserve the current record of decision in the event the CTB's route is rejected.
3. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards.
4. Request \$3.72M in funds for the redevelopment of brownfields extending from the former American Furniture and Sofa Lee sites, along Aaron Street to Rives Road.
5. Request \$6.25M in funds for the elimination and redevelopment of blighted areas in the city.
6. Request legislation to provide special federal incentives to businesses locating in regions which have experienced job losses in excess of 5% of the total workforce and/or declines in median incomes since the adoption of NAFTA, WTO or GATT. Target such areas for increased federal funding in education or workforce retraining.
7. Extend high speed broadband service throughout southern Virginia.
8. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 150% for a period of five consecutive years.
9. Oppose the EPA's proposed expansion of the definition of "waters of the United States" in 40 CFR 230.3.

Staff Designations

City Council empowers the following staff members to speak on its behalf and in its best interests to the Virginia General Assembly and United States Congress, its members and committees:
City Attorney Eric Morley
City Manager Leon Tomwinski
Other department heads as appointed by the City Manager

Consider approval of consent agenda – Council Member Teague made a motion to approve the consent agenda as presented, Vice Mayor Bowles seconded the motion, all Council Members voted in favor.

Business from the Floor – Patrick H. Wright, 1201 Spruce St asked about the Architectural Board, Mayor Turner suggested he can obtain more information and can apply for the vacancy online. Ural Harris, 217 Stewart Street expressed concern regarding articles in the paper about the budget and reversion and the extra money that the previous Mayor stated the City had in the Fund Balance. Teague stated that the fund balance revenue doesn't come in on a regular basis, some items come in twice a year and for emergencies and it is a positive viewed account to hold from a financial stand point. Mr. Harris said those reasons should be conveyed to the citizens so they don't feel that it is money the City is holding and not using.

Comments by members of City Council – Council Member Stroud wished the public a safe Halloween. He mentioned the car race and encouraged the citizens to be hospitable to visitors. Vice Mayor Bowles encourage all citizens to become more active in the community or to visit the website to apply for any board vacancies. Mayor Turner talked about Uptown Trick or Treating activities on Saturday 4:00-7:00pm.

There being no further business, Council Member Hodge made a motion to adjourn at 9:38pm, Vice Mayor Bowles seconded that motion, all council voted in favor.

Karen Roberts
Clerk of Council

Danny Turner
Mayor